

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

**Open Session**

**October 19, 2005**

The Regular Meeting of the Board of Water Commissioners previously scheduled for October 12, 2005 was postponed to Wednesday, October 19, 2005 due to a lack quorum. The rescheduled meeting began at 9:37 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**George B. Beardsley, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Denise S. Maes, Vice President**

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager  
P. L. Wells, General Counsel  
D. B. LaFrance, Director of Finance  
E. E. Pokorney, Director of Planning  
M. L. Bassett, Director of Public Affairs  
E. E. Weeams, *Acting* Director of Operations & Maintenance  
J. L. Diebel, Director of Engineering  
C. R. Dermody, Director of Information Technology  
C. Elam-Floyd, Manager of Human Resources  
A. T. Spaulding, Manager of Purchasing  
G. T. Malmberg, Sales Administrator  
K. Kempke, Manager of Treasury Operations  
S. Renouf, Community Affairs Specialist  
M. L. Walker, Attorney  
R. G. Steger, Water Resource Engineer  
M. Hoddinott, Hydraulic Engineer  
K. A. Pollock, Superintendent of Water Treatment  
G. A. Hempelman, Engineer  
M. L. Keilwitz, Engineer  
H. Valles, Customer Care  
L. S. Likes, Appraiser-Negotiator

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G. Barela, Staff Analyst  
H. C. Teigen, Chief of Distribution and Property Management  
T. L. McGuire-Collier, Manager of Media Relations  
P. Miller, Manager of Customer Care  
D. Sartin, Customer Care  
D. B. Engleman, Human Resource Specialist  
J. E. Crockett, Manager of Risk & Benefit  
S. Price, Engineer  
K. K. Riegle, Attorney  
M. McAllister, Public Affairs  
L. Firth, Manager of Community Relations  
David J. Kaunisto, East Cherry Creek Valley Water and  
Sanitation District  
Walt Pettit, Distributor's Liaison Representative, Wheat Ridge Water  
and Sanitation District  
Dave Romero, Denver Parks and Recreation  
Terry Arnold, MWIL  
Csegi Soudor, Tirgu-Mures, Romania  
David Csaba, Tirgu-Mures, Romania  
Eugene Megyesy, Dufford & Brown, PC  
Jeno Balogh, Metropolitan State College of Denver

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Roberts and Tate were found to be absent for substantial cause and were excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of September 14 and September 28, 2005 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of September 14 and September 28, 2005 were approved.

Commissioner Beardsley invited comments from the public with regard to matters not included in the Board's Agenda for the meeting. There was no response.

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Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM V-B-1: POTABLE WATER LEASE AGREEMENT EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT**

Approved entering into a Potable Water Lease Agreement for 771 acre-feet of water with East Cherry Valley Water and Sanitation District in the form of Exhibit "A," attached to and incorporated in these Minutes.

Mr. Pokorney explained that the Board and East Cherry Creek entered into an Intergovernmental Agreement dated December 19, 2000 for the lease of 771 acre-feet of water annually to East Cherry Creek. Because the District has begun a water supply project which would pump water from near Barr Lake back into the District, the proposed Agreement contemplates a connection to Denver Water's system at Denver International Airport. Connection at DIA will provide needed water circulation in Denver's treated water lines at DIA. In recognition of the cost of the connection at DIA, rather than from Conduit 27, as was originally contemplated, the agreement provides a credit of \$2 million as an offset against the potable SDCs East Cherry Creek will owe.

In response to a question from Commissioner Gougeon, Ms. Hoddinott explained that East Cherry Creek will take a base flow of 300 gallons per minute. Ms. Wells explained that the base flow will not be affected by drought restrictions unless Denver Water bans outdoor watering.

Mr. Kaunisto explained that construction of the pipeline had started and is expected to be completed mid-to-late summer 2006.

2. **ITEM V-B-2: AMENDMENT TO PARTICIPATION AGREEMENT WITH WILLOWBROOK WATER AND SANITATION DISTRICT FOR THE CONSTRUCTION OF THE FINAL PHASE OF CONDUIT 129**

Approved the Second Amendment to Participation Agreement with Willowbrook Water and Sanitation District further modifying the April 4, 1995 Participation Agreement between the parties, all as more specifically described in the Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

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Mr. Pokorney explained Denver Water will design and build Conduit No. 129 at an estimated cost of 1.2 million dollars. The full cost of the project will be reimbursed by Willowbrook over a two-year period. Ms. Wells explained a change of the payment schedule was necessary because the line is to be constructed earlier than originally planned.

3. **ITEM V-C-1: ANNUAL REVIEW OF THE INVESTMENT POLICY**

Approved the Investment Policy for the Waterworks Fund, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

Ms. Kempke explained the Investment Policy is reviewed and revisions are suggested to the Board as needed. Changes included in the present statement are modification of the benchmark for the investment portfolio in Section II, shortening the maturity on the liquidity as a greater portion of the investment portfolio is now managed internally, and clarification of how risks in the internally managed portion of the investment portfolio will be controlled as specified in Section IX.

Commissioner Beardsley complimented the Treasury staff on the management of the Waterworks Fund and commented regarding the need for a non-fiduciary advisory committee. Ms. Kempke explained an informal advisory committee is in place and is providing the necessary assistance.

4. **ITEM V-C-2: RESOLUTION FOR CLEAN RENEWABLE ENERGY BONDS**

Adopted the following Resolution, a copy of which is attached to and incorporated in these Minutes as Exhibit "D":

A RESOLUTION DESIGNATED BY THE SHORT TITLE "(10-19-05) REIMBURSEMENT RESOLUTION" PRELIMINARILY AUTHORIZING FINANCING OF A CERTAIN QUALIFIED HYDROPOWER FACILITY, PROVIDING FOR REIMBURSEMENT OF MONEY UPON DELIVERY OF CLEAN RENEWABLE ENERGY BONDS AND AUTHORIZING REPRESENTATIVES OF THE BOARD TO TAKE ACTION INCIDENTAL THERETO

Mr. LaFrance explained the Federal Energy Policy Act of 2005 provides incentives for hydro-electric generation which may be applicable to the Gross

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Reservoir Hydropower Project. Three potentially available incentives are the hydropower production credit, a tax credit for owners of renewable energy facilities and tax exempt bonds for the purchase of renewable energy facilities. Approval of the resolution does not obligate Denver Water to issue bonds but provides a mechanism for the Board to maximize the expense that would be eligible for reimbursement from the bonds.

Commission Beardsley opined that Denver Water should investigate the potential benefits of sale of the hydropower facility to a private owner. Mr. LaFrance explained that Denver Water staff is presently working to develop a comparative financial analysis and will present it to the Commissioners once it has been completed.

5. **ITEM V-D-1: EXTENSION OF CONTRACT FOR LIQUID CHLORINE**  
Authorized extension of the December 19, 2000 contract with DPC Industries, Inc., to provide liquid chlorine through December 31, 2007, for an additional amount not to exceed of \$1,300,000 and a total contract amount not to exceed \$3,085,000.
6. **ITEM V-D-2: EXTENSION OF CONTRACT AND ADDITION OF FUNDS FOR HAULING SERVICES**  
Authorized an increase due to cost for fuel effective October 1, 2005 and extension of the January 1, 2003 contract with DRK Trucking through January 31, 2006, to provide hauling services for an additional \$350,000 and a total contract amount not to exceed \$1,960,000.
7. **ITEM V-D-3: PURCHASE OF ARTICULATED LOADER TOOL CARRIER**  
Authorized purchase of an articulated loader tool carrier, 2.7 yard, 2005 John Deere 544J from Honnen Equipment, at a cost of \$142,255, less a credit of \$42,000 for trade in of a 1987 John Deere 544E Loader with 6,000 hours for a net contract amount of \$100,255, such award being based upon an acceptable price, delivery and compliance with specifications.
8. **ITEM V-D-4: COOPERATIVE STREAM GAUGING PROGRAM WITH THE U.S. GEOLOGICAL SURVEY**  
Authorized entering into a cooperative agreement with the U.S. Geological Survey providing for the sharing of operational costs for 32 stream gauging

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stations during the period October 1, 2005 through September 30, 2006, at a total cost to the Board of \$282,575, which stations are more specifically described in the Joint Funding Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

Mr. Pokorney explained about \$26,425 of the Board's cost will be reimbursed by various other cooperating parties. The described gauging stations are necessary for the protection, development and operation of Denver's raw water system.

9. **ITEM V-D-5: PURCHASE OF WATER METERS**

Authorized award of a contract to National Meter and Automation, Inc., to furnish meters necessary for the large meter replacement program at the unit prices described in the tabulation of Contract No. 08541A, a copy of which is attached to and incorporated in these Minutes as Exhibit "F," for a total contract amount not to exceed \$290,000, such award being based upon acceptable price, delivery, and compliance with specifications.

10. **ITEM V-D-6: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified construction contract change orders and amendments to agreements authorized by the Manager in September 2005 as follows:

Change Order No. 4 to the contract with Glacier Construction Co., Inc. for procurement and installation of diesel fuel engine generator equipment at Green Mountain Pump Station;

Change Order No. 4 to the contract with T. Lowell Construction, Inc., for Vault Modifications on Conduit No. 28, Conduit No. 61, Conduit No. 116 and Conduit No. 27;

Change Order No. 2 to the Contract with CDM Constructors, Inc. for the installation of electric actuators on Conduit No. 143;

Change Order No. 1 to the Contract with T. Lowell Construction, Inc. to furnish and install Conduit No. 151 in Central Park Blvd., from 23<sup>rd</sup> Avenue to Akron Way;

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Amendment No. 1 to the September 8, 2004 Agreement with MWH Americas, Inc., to provide engineering services for the Cheesman Dam outlet works;

Amendment No. 2 to the April 13, 2005 Contract with Martinez and Hromada Associates, Inc., to provide technical drafting services for as-built plans which are added to the GIS system;

Amendment to the February 15, 2005 Agreement with Valley Ford, Inc., for the purchase of described vehicles;

Amendment to the July 1, 2000 Agreement with Xerox Corporation for the lease of a Xerox 4850 Printer;

Amendment to the October 13, 2002 Agreement with Toshiba Business Solutions for the lease of a Toshiba Studio 310 C Color Copier/Printer; and

Amendment to the February 27, 2004 Agreement with COGNOS Corporation to provide software for Enterprise Data Warehousing Analytical Reporting,

all as more particularly described in Agenda Item V-D-6, dated October 19, 2005, a copy of which attached to and incorporated in these Minutes as Exhibit "G."

11. **ITEM V-D-7: AWARD OF CONTRACT FOR CONDUIT NO. 54 AND CONDUIT NO. 12 BUTTERFLY VALVE INSTALLATIONS**

Authorized award of a contract to T. Lowell Construction, Inc. to replace butterfly valves and to make described modifications at specified locations on Conduit No. 54 and Conduit No. 12, at a cost to the Board not to exceed \$384,000.

12. **ITEM V-D-8: AGREEMENT FOR THE CONSTRUCTION OF OVERHEAD POWER LINES FOR GROSS RESERVOIR HYDROELECTRIC PROJECT**

Authorized a Participation Agreement with Xcel Energy, dba Public Service Company of Colorado, for the construction of approximately three miles of overhead power lines from the Gross Reservoir Powerhouse Switchyard to the Xcel Energy Switch on the south side of Kossler Lake at a cost to the Board of \$1,501,443.45, all as more particularly described in the Agreement,

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a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

Mr. Diebel explained the total cost of the proposed power line included \$236,500, which was previously authorized by the Board.

13. **ITEM V-D-9: DECLARATION OF SURPLUS PROPERTY AND AUTHORIZATION OF A SALE OF A PORTION OF THE HIGH LINE CANAL PROPERTY TO PAINTED PRAIRIE, L.L.C.**

Declared a parcel of land situate in the Southwest Quarter of Section 11, Township 3 South, Range 66 W, of the 6<sup>th</sup> Principle Meridian, containing approximately 21.176 acres and as more particularly described in Exhibit "I" attached to and incorporated in these Minutes no longer useful for or required in the Waterworks operations and authorized the sale of such property to Painted Prairie, L.L.C. at a cost of \$75,000 per acre, for a total purchase price of \$1,588,200, all as more particularly described in the Sale and Purchase Contract, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

Mr. Teigen explained the property is a portion of the High Line Canal property north of First Creek in Adams County. The canal is not used for water deliveries in the affected reach. As described in the agreement, the purchaser will have the ability to acquire the property in installments over a four-year period.

14. **ITEM V-D-10: CHANGE ORDER NO. 1 RECYCLING PLANT SOLIDS DRYING BEDS**

Authorized Change Order No. 1 to the August 10, 2005 contract with Jennison Construction Company, Inc. for the construction of the Recycling Plants Solids Drying Beds to provide drying bed media and to delete the recycled service line previously planned for Suncor Energy at a total net amount of \$400,734, all as more particularly described in Change Order No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

Mr. Diebel explained the specified drying bed medium was not defined at the time of the bid opening, and bidders used the cost of concrete sand as a place holder. Since that time a source of drying bed media has been located.



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The special media will be produced for a limited time and sufficient material will be acquired in order to have extra material on site for future use. The current cost of the material is \$32 per ton, which compares with \$22 per ton when similar material was purchased in 2000. Because Suncor has decided not to use recycled water at this time, the components of the system which would have been installed for its benefit have been deleted from the contract. The facilities will be constructed if, in the future, Suncor decides to use recycled water.

15. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated October 21, 2005, a copy of which is attached to and incorporated in these minutes as Exhibit "L," effective the pay period ending **October 7, 2005** unless otherwise noted.

16. **ITEM V-E-2: EMPLOYEE WAGE, SALARY AND BENEFIT ADJUSTMENTS**

Approved adjustments to salaries by job families effective December 17, 2005 and reflected in employees' checks dated January 12, 2006 as follows:

Job Group	2006 Increase
Engineering/Scientific/Technical (EST)	1.2%
Information Technology (IT)	1.5%
Operations and Trades (OT)	2.4%
Legal Services (LS)	3.2%
Administrative and Technical Support (ATS)	3.3%
Executive/Managerial/Professional (EMP)	3.6%
Engineering/Scientific/Professional (ESP)	4.3%

Approved a three-tiered prescription drug plan, raising emergency room co-payment from \$50 to \$100 and employee monthly contributions to the PPO managed by Cigna Healthcare as follows:

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Coverage	2006 Contributions
Employee only	\$ 39.00
Employee + One	\$ 78.00
Family	\$117.00
Prescriptions (Generic/Brand)	\$10/\$15/\$20

Approved payment by employees for dental coverage provided through the Dental Preferred Option plan managed by Delta Dental as follows:

Coverage	2006 Contributions
Employee only	\$ 9.00
Employee + One	\$14.00
Family	\$24.00

Vision insurance, which is provided by Superior Vision, is fully employee-paid and will include premiums as follows:

Coverage	2006 Contributions
Employee only	\$ 5.00
Employee + One	\$ 9.00
Family	\$16.00

Short-term disability is fully paid by employees and is provided by Standard Life. The premium to be paid by employees will be increased by 20%.

The wage and salary benefit package is more specifically described in Agenda Item V-E-2, dated October 19, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

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17. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of September 30, 2005" as set forth in Agenda Item VI-F-1 dated October 19, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

18. **ITEM VI-F-2: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY**

The Commissioners received the report entitled "Summary of New Contracts between \$10,000 and \$100,000 for the Third Quarter of 2005", a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

19. **ITEM VI-F-3: DISCUSSION AND INFORMATION: MANAGER'S OPERATIONS REPORT**

The Board was furnished with the Manager's Operation Report dated October 19, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "P," which consists of the following individual items:

1. Status of Contract Work

20. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2005 Budget Status Summary for the period ending **September 30, 2005**, a copy of which is attached to and incorporated in these Minutes as Exhibit "Q."

21. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed a Study Session will take place on **Wednesday, October 26, 2005**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado. The topics to be discussed will be those related to the proposed Water Conservation Program for 2006 and the Communication Program.

The Board determined to postpone the proposed October 27, 2005 meeting to discuss the IRP.

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The Board confirmed that the regular meeting would take place on **Wednesday, November 9, 2005**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 10:40 a.m.

#### **EXECUTIVE SESSION**

On Wednesday, October 19, 2005, commencing approximately at 10:45 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Attorney-Client report on potential litigation § 24-6-402(4)(b)
2. Actual and pending increases in costs charged by vendors due to energy costs or natural disasters § 24-6-402(4)(e)
3. Discussion -- Contract Negotiations with Xcel Energy § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:55 a.m.

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President

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Secretary